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27 FEB 1976

MEMORANDUM FOR: Director
FROM : Comptroller /s/ John D. Iams
SUBJECT : OMB Apportionment of CIA's Appropriation

1. Apportionment is the legal process by which OMB makes available to Federal agencies funds appropriated by Congress. In the past funds appropriated to CIA have been apportioned in one sum. Recently, OMB has proposed changing this flexible approach because Mr. Lynn, at the time of his appearance before the House Select Committee, expressed the view that CIA should not be treated differently from other agencies. Two options have been discussed with OMB staffers:

- a. apportionment of the annual Agency appropriation into four three-month periods with [redacted] and certain special activities treated separately, or
- b. apportionment of the appropriation for the full year by directorate with the same separate treatment for Reserve releases and selected specific projects or activities.

2. Any such change will reduce our flexibility. We would prefer no adjustment of present procedures. However, recognizing Mr. Lynn's interest in this issue, as well as OMB's legal ability to impose a new approach, we believe it is preferable that we accept some limitation gracefully.

3. I have mentioned at two morning meetings that our preference was for a quarterly apportionment if we were forced to accept change from present practice. I am now persuaded, however, that apportionment by directorate will permit us to get through each year with fewer consultations with OMB and with

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fewer internal adjustments to our computerized financial system and to our management process. If you agree, we will tell OMB that we accept their proposal and work out the details.

4. Assuming your agreement, this issue should not arise next week in your meeting with Mr. Lynn. OMB has raised a related issue, however, which could come up in that meeting.



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